

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

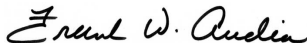
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

**District Court Funds of District No. 16
City of Livonia, Michigan**

**Financial Report
with Additional Information
November 30, 2006**

District Court Funds of District No. 16

City of Livonia, Michigan

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Independent Auditor's Report

To the District Judges of the 16th District Court
Honorable Kathleen McCann and
Honorable Robert Brzezinski
Livonia, Michigan

We have audited the financial statement of District Court Funds of District No. 16, City of Livonia, Michigan (the "Court") as of November 30, 2006. This financial statement is the responsibility of the Court's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of District Court Funds of District No. 16, City of Livonia, Michigan at November 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statement does not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statement.

Our audit was conducted for the purpose of forming an opinion on District Court Funds of District No. 16, City of Livonia's basic financial statement. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Plante & Moran, PLLC

January 17, 2007

District Court Funds of District No. 16

City of Livonia, Michigan

Statement of Net Assets Fiduciary Funds November 30, 2006

	Agency Funds		
	Depository Account	Bond Account	Total
Assets			
Cash and investments (Note 2)	\$ 425,312	\$ 349,499	\$ 774,811
Due from bond account	1,511	-	1,511
Total assets	\$ 426,823	\$ 349,499	\$ 776,322
Liabilities			
Due to:			
Depository account	\$ -	\$ 1,511	\$ 1,511
City of Livonia	302,925	-	302,925
State of Michigan	114,117	-	114,117
Wayne County	9,781	-	9,781
Bond deposits, voluntary work program, civil drug fund, and other	-	347,988	347,988
Total liabilities	\$ 426,823	\$ 349,499	\$ 776,322

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statement
November 30, 2006

Note 1 - Significant Accounting Policies

The accounting policies of District Court Funds of District No. 16, City of Livonia, Michigan (the "District Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District Court is governed by two elected judges. There are no component units.

The following is a summary of the significant accounting policies used by District Court Funds of District No. 16:

The funds of the District Court are Agency Funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors within the city limits.

Note 2 - Cash and Cash Equivalents

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The District Court is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The District Court has designated three banks for the deposit of District Court funds. The investment policy adopted by the city council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CDs, and such obligations, bonds, and securities as permitted by the statutes of the State of Michigan.

District Court Funds of District No. 16

City of Livonia, Michigan

Notes to Financial Statement
November 30, 2006

Note 2 - Cash and Cash Equivalents (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of bank failure, the District Court's deposits may not be returned to it. The District Court does not have a deposit policy for custodial credit risk. At year end, the District Court had \$438,226 of bank deposits (checking accounts) that were uninsured and uncollateralized. The District Court believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District Court evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 3 - Court Operations

The costs relating to the operation of the District Court (including risk management) are a budgeted item of the City of Livonia, Michigan General Fund and, accordingly, such costs are paid by the General Fund.

The District Court is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

General Liability - The District Court participates in the Michigan Municipal Risk Management Authority for claims relating to general and auto liability, auto physical damage, and property loss claims.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City of Livonia. In addition to the losses retained, the City of Livonia is responsible for certain defense costs.

Workers' Compensation - The District Court employees are covered under the City of Livonia's self-insured workers' compensation program. However, the workers assigned to the court voluntary work program in lieu of jail are not covered. The District Court does have a policy that covers up to the first \$1,000 per occurrence and the City of Livonia's self-insured plan covers claims in excess of \$1,000.

Medical Claims - The District Court participates in the City of Livonia's health care coverage plan in the same manner as the City of Livonia employees.

District Court Funds of District No. 16

City of Livonia, Michigan

Other Supplemental Information

Schedule of Cash Receipts and Disbursements

Year Ended November 30, 2006

	Depository Account	Bond Account
Cash and Cash Equivalents - December 1, 2005	\$ 455,340	\$ 275,364
Receipts		
Fines and fees collected	5,468,878	-
Bond receipts	-	1,023,533
Wayne County penal fines	124,752	-
Work program	-	151,720
Garnishments	-	106
Restitution, judgments, civil drug fund, and other	11,743	193,416
Interest income	17,305	10,025
Total receipts	5,622,678	1,378,800
Disbursements		
Transfers:		
City of Livonia	3,601,464	-
Court Building Fund - City of Livonia	296,041	-
State of Michigan	1,588,864	-
Wayne County	123,731	-
Bond transfers and refunds	-	904,480
Bond forfeitures	-	106,151
Work program	-	160,508
Garnishments	-	106
Restitution, judgments, civil drug fund, and other	42,606	133,420
Total disbursements	5,652,706	1,304,665
Cash and Cash Equivalents - November 30, 2006	<u>\$ 425,312</u>	<u>\$ 349,499</u>